

Law Offices of

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October 27, 2010

VIA FAXSIMILE (213) 627-6342, email and U.S. Mail

JUSTIN D. BALSER, Esquire
DONALD M. SCOTTEN, Esquire
BRYAN M. LEIFER, Esquire
AKERMAN SENTERFITT LLP
725 South Figueroa Street, 38th Floor
Los Angeles, California 90017-5433

Re: Prudence Waltz v. Blue Ocean Mortgage [Aurora Loan Service] BC374163 [Pending Stay under 11 U.S.C. 362(a) and Rule 9011 sanctions in In Re Lehman Brothers Holding 08-13555 (JMP)]

Gentlemen:

Upon further review of the trial court's decision yesterday to stay the proceedings in the above referenced matter it appears that the decision was improperly made based upon the case law that clearly establishes the fact that it does not [absent unusual circumstances that are not present] apply to actions involving non-filing subsidiaries [See *in re Calpine Corporation* [Bk. S.D.N.Y. 2007] 365 B.R. 401, 408; *In re Peoples Bankshares, Ltd* [Bk. N.D. Iowa 1986]; *In re Bell & Beckwith* [Bk. Ohio 1984] 39 B.R. 914, 917-918 and *Barnett v. Lewis* [1985] 170 Cal.App.3d 1079, 1088].

Although our current plans are to first seek relief from the improperly imposed stay through mandate proceedings in the State Courts of California, this letter will serve to place your office on notice that in the event we do not have a stipulation on behalf of your clients agreeing to the immediate lifting of the stay and a resumption of the trial in action BC374163 within the twenty-one [21] day safe harbor period specified in Rule 9011(c)(1)(A) of the Federal Rules of Bankruptcy Procedure we will prepare and file a motion for both relief from stay and sanctions with the United States Bankruptcy Court for the Southern District of New York.

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If you would like to discuss any alternative approaches to bringing this matter to a mutually agreeable conclusion we are prepared to meet with you and discuss the matter at your convenience.

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JZ:pc

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